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天津津燃公用事業股份有限公司

TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01265)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Tianjin Jinran Public Utilities Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

Renminbi Yuan

	Note V	31 December 2020	31 December 2019
ASSETS			
CURRENT ASSETS			
Cash and bank balances		1,255,927,702.26	801,489,613.57
Held-for-trading financial assets	1	–	402,665,901.82
Trade receivables	2	152,282,858.20	257,408,694.41
Receivables financing	3	52,544,172.97	74,681,820.20
Prepayments		1,391,903.61	1,858,248.24
Other receivables		2,777,508.14	2,301,073.75
Inventories	4	5,961,689.00	5,045,314.04
Other current assets		29,405,984.37	31,688,149.81
Total current assets		1,500,291,818.55	1,577,138,815.84
NON-CURRENT ASSETS			
Long-term equity investments		49,037,075.45	49,157,852.84
Fixed assets	5	858,919,973.98	865,647,024.18
Construction in progress	6	2,292,888.87	2,913,728.81
Intangible assets		11,716,464.50	11,368,940.78
Deferred tax assets		36,146,224.85	31,958,589.99
Total non-current assets		958,112,627.65	961,046,136.60
TOTAL ASSETS		2,458,404,446.20	2,538,184,952.44

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*31 December 2020**Renminbi Yuan*

	<i>Note V</i>	31 December 2020	31 December 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Trade payables	7	217,219,648.96	395,694,120.33
Contract liabilities		305,027,206.60	194,167,667.39
Employee benefits payable		15,511,880.82	16,943,843.27
Taxes payable	8	49,647,052.03	41,767,220.60
Other payables		22,567,117.17	24,483,281.26
Total current liabilities		609,972,905.58	673,056,132.85
NON-CURRENT LIABILITIES			
Deferred income		103,891,515.73	107,083,734.91
Total non-current liabilities		103,891,515.73	107,083,734.91
Total liabilities		713,864,421.31	780,139,867.76
SHAREHOLDERS' EQUITY			
Share capital		183,930,780.00	183,930,780.00
Capital reserve		790,332,352.18	790,332,352.18
Specialised reserve		419,169.16	282,870.77
Surplus reserve		128,078,287.68	127,472,293.73
Retained earnings		646,616,369.62	660,737,707.61
Total equity attributable to shareholders of the Parent		1,749,376,958.64	1,762,756,004.29
Non-controlling interests		(4,836,933.75)	(4,710,919.61)
Total shareholders' equity		1,744,540,024.89	1,758,045,084.68
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>2,458,404,446.20</u>	<u>2,538,184,952.44</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

Renminbi Yuan

	Note V	2020	2019
Revenue	9	1,344,635,812.33	1,501,277,165.08
Less: Cost of sales	9	1,363,634,249.60	1,517,046,540.18
Taxes and surcharges		2,450,149.44	2,828,691.23
Administrative expenses		29,170,962.74	31,882,994.14
Finance costs	10	(21,794,469.69)	(20,763,525.77)
including: interest income		21,999,557.16	21,362,581.89
Add: Other income	11	9,330,887.88	11,609,675.67
Investment income	12	5,314,320.71	20,357,179.55
including: share of profit of an associate		902,962.26	3,915,204.68
Credit impairment losses		(1,224,767.49)	4,541,556.98
Asset impairment losses		—	(1,035,000.00)
Operating profit/(loss)		(15,404,638.66)	5,755,877.50
Add: Non-operating income		23,193.32	28,253.11
Less: Non-operating expenses	13	2,449,168.23	1,545,648.07
Total profit/(loss)		(17,830,613.57)	4,238,482.54
Less: Income tax expense	14	(4,189,255.39)	198,522.88
Net profit/(loss)		(13,641,358.18)	4,039,959.66
Classified by continuity of operations			
Profit/(loss) from continuing operations		(13,641,358.18)	4,039,959.66
Classified by ownership			
Profit/(loss) attributable to shareholders of the Parent		(13,515,344.04)	4,382,854.34
Profit/(loss) attributable to non-controlling interests		(126,014.14)	(342,894.68)
Other comprehensive income, net of tax		—	—
Total comprehensive income		(13,641,358.18)	4,039,959.66
Including:			
Total comprehensive income attributable to shareholders of the Parent		(13,515,344.04)	4,382,854.34
Total comprehensive income attributable to non-controlling interests		(126,014.14)	(342,894.68)
Earnings per share (RMB/Share)	16		
Basic		(0.007)	0.002
Diluted		(0.007)	0.002

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2020

Renminbi Yuan

I. BASIC INFORMATION

Tianjin Jinran Public Utilities Company Limited, formerly named **Tianjin Tianlian Public Utilities Company Limited** (天津天聯公用事業股份有限公司), is a joint stock limited company registered in Tianjin, the People's Republic of China (the “PRC”) on 16 December 1998 and its predecessor is Tianjin Tianlian Gas Company Limited (天津市天聯天然氣有限公司). The Company's overseas listed foreign shares (“H Shares”) were listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company's headquarters is located at No.18 Zhengzhou Road, Heping District, Tianjin.

The Company's original registered capital was RMB2 million. Pursuant to a resolution of the shareholders' meeting passed on 26 November 2001, the registered capital of the Company was increased to RMB2,849,618.00 with a premium of RMB19,150,382.00 by contribution from existing shareholders and new investors.

Pursuant to a resolution passed on 12 December 2001, the registered capital of the Company was increased from RMB2,849,618.00 to RMB69,500,000.00, divided into 69,500,000 Domestic Shares of RMB1 each, by capitalisation of reserves of the Company as at 30 November 2001. Such transformation of the Company was approved by 津股批[2001]22號《關於同意天津市天聯天然氣有限公司整體變更為天津天聯公用事業股份有限公司的批復》issued by Tianjin Municipal Government on 26 December 2001.

Pursuant to a resolution of the shareholders' meeting passed on 28 August 2002, each of the Domestic Shares of RMB1 was sub-divided into 10 Domestic Shares of RMB0.1 each. The registered capital of the Company after the sub-division of shares was 695 million Domestic Shares of RMB0.1 each.

The Company issued 300,000,000 H Shares and converted 30,000,000 Domestic Shares into H Shares by way of placing at a price of HKD0.25 per share (par value of RMB0.10 each) for listing of H Shares on the Growth Enterprise Market (the “GEM”) of the Stock Exchange on 9 January 2004. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB64,667,255.43 from the new issue of shares by way of public offer and placing (including share capital of RMB33,000,000.00 and share premium of RMB31,667,255.43).

On 18 April 2005, Tianjin Leason Investment Group Company Limited (天津聯盛投資集團有限公司) (“Leason”) and Tianjin Gas Group Company Limited (天津市燃氣集團有限公司) (“Tianjin Gas”) entered into a share transfer agreement in relation to the sale of 174,125,000 Domestic Shares (representing 17.5% of the total issued share capital of the Company) by Leason to Tianjin Gas at a price of RMB0.23 per share amounting to a total consideration of RMB40,048,750.00.

On 28 December 2005, Leason and Tianjin Wanshun Real Estate Company Limited (天津市萬順置業有限公司) (“Tianjin Wanshun”) entered into a share transfer agreement in relation to the sale of 220,025,000 Domestic Shares (representing 22.31% of the total issued share capital of the Company) by Leason to Tianjin Wanshun at a price of RMB0.29 per share amounting to a total consideration of RMB63,807,250.00. On the same day, Ms. Liang Jingqi and Tianjin Wanshun entered into a share transfer agreement in relation to the sale of 13,900,000 Domestic Shares (representing 1.40% of the total issued share capital of the Company) by Ms. Liang to Tianjin Wanshun at a price of RMB0.29 per share amounting to a total consideration of RMB4,031,000.00.

I. BASIC INFORMATION (CONTINUED)

On 29 May 2007, as approved by the Ministry of Commerce of the People's Republic of China, the Company changed to a foreign investment limited liability company. The Company obtained the certificate of approval and the business licence on 4 June 2007 and 2 August 2007, respectively.

On 13 March 2008, the Company issued 154,600,000 H Shares at a price of HKD1.90 per share (par value of RMB0.10 each) and converted 15,460,000 Domestic Shares into H Shares by way of placing of new shares on the GEM of the Stock Exchange. The Company received net proceeds, after deducting all relevant share issue expenses, of RMB253,009,696.34 (including the premium of RMB236,003,696.34).

Pursuant to the announcement of the Company dated on 5 October 2009, the Company entered into an Assets Acquisition Agreement with Tianjin Gas, pursuant to which the Company conditionally agreed to acquire assets with fair value of RMB590,001,734.68 from Tianjin Gas. The value of shares is estimated based on the valuation of transferred asset conducted by valuer. To satisfy the consideration, the Company issued 689,707,800 Domestic Shares (par value of RMB0.10 each) to Tianjin Gas on 7 April 2011 and the transaction was completed on 11 April 2011. The Domestic Shares enjoy equal interests as that of the H Shares. Upon the completion of the transaction, the total issued share capital of the Company increased to RMB183.93 million.

The Company's listing has been transferred from the GEM to the Main Board of the Stock Exchange since 18 October 2011.

Pursuant to a resolution passed on 20 June 2012, the Company changed its name from Tianjin Tianlian Public Utilities Company Limited (天津天聯公用事業股份有限公司) to Tianjin Jinran Public Utilities Company Limited (天津津燃公用事業股份有限公司). A new business licence under the new name of the Company was issued by the Tianjin Administration of Industry and Commerce Bureau (天津市工商行政管理局) on 17 August 2012.

On 1 September 2014, Tianjin Gas and Tianjin Wanshun entered into a share transfer agreement for the transfer of 235,925,000 Domestic Shares (representing 12.82% of the total issued share capital of the Company) held by Tianjin Wanshun to Tianjin Gas at a price of RMB0.50 per share amounting to a total consideration of RMB117,962,500.00. The share transfer was completed on 11 February 2015. Since then, Tianjin Gas held 64.12%, increased from 51.3%, of the total issued share capital of the Company, and Tianjin Wanshun was no longer a shareholder of the Company.

On 16 October 2014, Tianjin Gas and Tianjin Beacon Coatings Company Limited (天津燈塔塗料有限公司) ("**Beacon Coatings**") entered into a share transfer agreement for the transfer of 118,105,313 Domestic Shares (representing 6.42% of the total issued share capital of the Company) held by Beacon Coatings to Tianjin Gas at nil consideration, subject to the obtaining of the approvals from the relevant government authorities. The share transfer was completed on 20 June 2016, upon the completion of the registration procedures of the share transfer, Tianjin Gas held 70.54%, increased from 64.12%, of the total issued share capital of the Company, and Beacon Coatings was no longer a shareholder of the Company.

Pursuant to the announcement of the Company dated on 13 January 2015, the registration of the transfer of all equity interests in Tianjin Gas held by Tianjin Municipal Government to Tianjin Energy Investment Company Limited (天津能源投資集團有限公司) ("**Tianjin Energy**") has been completed. Immediately following the completion of the aforesaid equity transfer, the Company's holding company became Tianjin Gas, the Company's ultimate holding company became Tianjin Energy, and all shares were held by the State-owned Assets Supervision Commission of Tianjin Municipal Government.

I. BASIC INFORMATION (CONTINUED)

Pursuant to the announcement of the Company dated on 1 April 2020, the registration of the transfer of all equity interests in Tianjin Energy held by the State-owned Assets Supervision Commission of Tianjin Municipal Government to Tianjin State-owned Capital Investment Management Co., Ltd. (天津國有資本投資運營有限公司) (“**Tianjin Investment Capital**”) has been completed. Immediately following the completion of the aforesaid equity transfer, the Company’s holding company became Tianjin Gas, the Company’s ultimate holding company became Tianjin Investment Capital, and all shares were held by the State-owned Assets Supervision Commission of Tianjin Municipal Government.

The principal activities of the Group are the sale and distribution of piped gas, the lease of pipelines, the operation and management of gas pipeline infrastructure, the sale and installation of gas appliances, investment, operation of urban gas (subject to obtaining a valid qualification certificate), import and export according to the state regulations for enterprises, pipeline project, investment consultation, mining investment, the lease of self-owned buildings and the lease of facilities of gas stations.

These financial statements were approved and authorised for issue by the board of directors of the Company on 30 March 2021. According to the articles of association of the Company, the financial statements will be submitted to the shareholders’ meeting for approval.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with “Accounting Standards for Business Enterprises – General Principles” issued by the Ministry of Finance of the People’s Republic of China, together with specific accounting standards, application guidance, interpretations and other related regulations issued and revised thereafter (**Accounting Standards for Business Enterprises**, collectively).

The financial statements have been prepared on a going concern basis.

The financial statements are prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant rules.

III. CHANGES IN ACCOUNTING POLICIES

Scope of disclosure of related party

Since 1 January 2020, in order to meet the requirements of Interpretation of Accounting Standards for Business Enterprises No. 13, an associate of the investor that has significant influence over the Company would not be disclosed as a related party of the Company any more, and the following parties which were not treated as related parties previously would be disclosed as related parties of the Company: the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others); a joint venture and its subsidiaries or an associate and its subsidiaries of the investor that has joint control or significant influence over the Company; subsidiaries of a joint venture; subsidiaries of an associate. The change in accounting policy impacted the definition of related parties and the disclosure of related party transactions, according to the transitional requirements, there is no need to retrospectively adjusted the comparative data.

IV. TAXES

1. Major categories of taxes and respective tax rates

Value-added tax (VAT)	–	The Group's revenue from sales of piped gas, gas connection and gas transportation and rent is taxable to output VAT at a tax rate of 9% and other revenues are taxable to output VAT at a tax rate of 13% which was levied after deducting deductible input VAT for the current period.
City maintenance and construction tax	–	It is levied at 7% on the turnover taxes paid.
Education supplementary tax	–	It is levied at 3% on the turnover taxes paid.
Local education supplementary tax	–	It is levied at 2% on the turnover taxes paid.
Corporate income tax	–	Corporate income tax is levied at 25% on the taxable profit.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Held-for-trading financial assets

	2020	2019
Financial assets measured at fair value through profit or loss		
Structured deposits	–	402,665,901.82
	–	402,665,901.82

At 31 December 2020, the Group had no structured deposits with guaranteed principals, variable returns and not redeemable before the maturity date (31 December 2019: the Group purchased structured deposits amounting to RMB402,665,901.82 issued by 平安銀行 and 民生銀行, respectively, with guaranteed principals, variable returns and not redeemable before the maturity date by the Group. As the expected annual return rates of these structured deposits are linked to variable which was 3-month USD LIBOR interest rate announced by Reuters and maturity periods are within 120 days, these structured deposits are classified as financial assets measured at fair value through profit or loss and presented as held-for-trading financial assets).

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Trade receivables

The credit period of trade receivables is usually 90 to 180 days. The trade receivables bear no interest.

The ageing of trade receivables based on the invoice date is analysed below:

	2020	2019
Within 1 year	142,330,792.68	255,400,003.03
1 to 2 years	11,744,957.36	2,136,345.85
2 to 3 years	307,200.00	2,431,160.96
Over 3 years	10,629,318.13	8,945,827.05
	165,012,268.17	268,913,336.89
Less: Provision for bad debts of trade receivables	12,729,409.97	11,504,642.48
	152,282,858.20	257,408,694.41

The category of trade receivables is analysed below:

	2020					2019				
	Gross carrying amount		Provision for bad debts		Net carrying amount	Gross carrying amount		Provision for bad debts		Net carrying amount
	Percentage		Accruing			Percentage		Accruing		
	Amount	(%)	Amount	percentage (%)		Amount	(%)	Amount	percentage (%)	
Provision for bad debts on individual basis	11,333,177.12	6.9	11,333,177.12	100.0	–	10,933,947.12	4.1	10,933,947.12	100.0	–
Provision for bad debts by credit risk characteristic group	153,679,091.05	93.1	1,396,232.85	0.9	152,282,858.20	257,979,389.77	95.9	570,695.36	0.2	257,408,694.41
	165,012,268.17	100.0	12,729,409.97	7.7	152,282,858.20	268,913,336.89	100.0	11,504,642.48	4.3	257,408,694.41

The provision for bad debts of trade receivables by credit risk characteristic group are as follows:

	2020			2019		
	Estimated carrying amount arising from default	Expected credit loss rate (%)	Lifetime expected credit loss	Estimated carrying amount arising from default	Expected credit loss rate (%)	Lifetime expected credit loss
1 to 6 months	137,393,116.54	-	-	250,721,670.74	-	-
6 months to 1 year	4,842,718.14	5.0%	242,135.91	4,678,332.29	5.0%	233,916.61
1 to 2 years	11,410,685.36	10.0%	1,141,068.54	1,829,145.85	10.0%	182,914.59
2 to 3 years	-	20.0%	-	731,160.96	20.0%	146,232.19
Over 3 years	32,571.01	40.0%	13,028.40	19,079.93	40.0%	7,631.97
	153,679,091.05	0.9%	1,396,232.85	257,979,389.77	0.2%	570,695.36

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Trade receivables (Continued)

The movements in the provision for bad debts of trade receivables are as follows:

	Opening balance	Provision for the year	Reversal during the year	Closing balance
2020	11,504,642.48	1,254,767.49	(30,000.00)	12,729,409.97
2019	15,756,852.43	715,800.55	(4,968,010.50)	11,504,642.48

In 2020, the Group provided bad debts of RMB1,254,767.49 (2019: RMB715,800.55), and reversed bad debts of RMB30,000.00 (2019: RMB4,968,010.50).

3. Receivables financing

	2020	2019
Bank acceptance bills receivable	<u>52,544,172.97</u>	<u>74,681,820.20</u>
	<u>52,544,172.97</u>	<u>74,681,820.20</u>

4. Inventories

	2020	2019
Gas	<u>193,880.86</u>	<u>185,446.10</u>
Gas appliances	<u>5,767,808.14</u>	<u>4,859,867.94</u>
	<u>5,961,689.00</u>	<u>5,045,314.04</u>

As at 31 December 2020, the management of the Group considered that there was no provision for impairment of inventories (31 December 2019: Nil).

5. Fixed assets

	2020	2019
Fixed assets	<u>857,776,529.22</u>	<u>865,647,024.18</u>
Disposal of fixed assets	<u>1,143,444.76</u>	<u>—</u>
	<u>858,919,973.98</u>	<u>865,647,024.18</u>

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Fixed assets (Continued)

Fixed assets

2020

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	48,957,958.58	1,220,969,204.02	146,401,358.32	6,373,151.43	8,917,314.76	4,558,482.24	1,436,177,469.35
Purchase	33,033.02	1,921,415.21	40,394,948.76	29,504.97	1,743,555.33	–	44,122,457.29
Transferred from construction in progress	–	10,177,932.55	–	–	–	–	10,177,932.55
Disposal or scrap	–	6,867,236.29	3,731,454.57	173,800.00	421,765.38	–	11,194,256.24
Closing balance	<u>48,990,991.60</u>	<u>1,226,201,315.49</u>	<u>183,064,852.51</u>	<u>6,228,856.40</u>	<u>10,239,104.71</u>	<u>4,558,482.24</u>	<u>1,479,283,602.95</u>
Accumulated depreciation							
Opening balance	14,514,788.64	491,438,746.08	43,498,897.76	5,088,188.40	5,364,452.63	2,747,063.24	562,652,136.75
Provision	1,136,271.36	47,453,392.57	7,501,834.48	315,480.06	780,210.42	–	57,187,188.89
Disposal or scrap	–	2,755,105.87	2,962,213.61	113,652.00	379,588.85	–	6,210,560.33
Closing balance	<u>15,651,060.00</u>	<u>536,137,032.78</u>	<u>48,038,518.63</u>	<u>5,290,016.46</u>	<u>5,765,074.20</u>	<u>2,747,063.24</u>	<u>613,628,765.31</u>
Impairment provision							
Opening balance	–	–	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Provision	–	–	–	–	–	–	–
Disposal or scrap	–	–	–	–	–	–	–
Closing balance	<u>–</u>	<u>–</u>	<u>5,994,508.25</u>	<u>59,716.88</u>	<u>12,664.29</u>	<u>1,811,419.00</u>	<u>7,878,308.42</u>
Net carrying amount							
At end of the year	<u>33,339,931.60</u>	<u>690,064,282.71</u>	<u>129,031,825.63</u>	<u>879,123.06</u>	<u>4,461,366.22</u>	<u>–</u>	<u>857,776,529.22</u>
At beginning of the year	<u>34,443,169.94</u>	<u>729,530,457.94</u>	<u>96,907,952.31</u>	<u>1,225,246.15</u>	<u>3,540,197.84</u>	<u>–</u>	<u>865,647,024.18</u>

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Fixed assets (Continued)

Fixed assets (Continued)

2019

	Buildings	Pipelines	Machinery	Vehicles	Electronics, furniture and fixtures	Mining structures	Total
Cost							
Opening balance	47,625,639.54	1,182,893,579.77	110,631,678.86	6,663,677.49	8,614,081.18	4,558,482.24	1,360,987,139.08
Purchase	–	1,710,844.26	36,298,420.10	20,041.94	1,238,889.71	–	39,268,196.01
Transferred from construction in progress	1,332,319.04	43,140,669.22	107,398.19	–	12,800.00	–	44,593,186.45
Disposal or scrap	–	6,775,889.23	636,138.83	310,568.00	948,456.13	–	8,671,052.19
Closing balance	<u>48,957,958.58</u>	<u>1,220,969,204.02</u>	<u>146,401,358.32</u>	<u>6,373,151.43</u>	<u>8,917,314.76</u>	<u>4,558,482.24</u>	<u>1,436,177,469.35</u>
Accumulated depreciation							
Opening balance	13,408,016.99	446,657,592.33	39,905,475.64	4,989,458.62	5,724,815.37	2,747,063.24	513,432,422.19
Provision	1,106,771.65	45,797,276.07	4,090,415.01	378,240.98	493,467.73	–	51,866,171.44
Disposal or scrap	–	1,016,122.32	496,992.89	279,511.20	853,830.47	–	2,646,456.88
Closing balance	<u>14,514,788.64</u>	<u>491,438,746.08</u>	<u>43,498,897.76</u>	<u>5,088,188.40</u>	<u>5,364,452.63</u>	<u>2,747,063.24</u>	<u>562,652,136.75</u>
Impairment provision							
Opening balance	–	–	5,994,508.25	59,716.88	12,664.29	1,811,419.00	7,878,308.42
Provision	–	–	–	–	–	–	–
Disposal or scrap	–	–	–	–	–	–	–
Closing balance	<u>–</u>	<u>–</u>	<u>5,994,508.25</u>	<u>59,716.88</u>	<u>12,664.29</u>	<u>1,811,419.00</u>	<u>7,878,308.42</u>
Net carrying amount							
At end of the year	<u>34,443,169.94</u>	<u>729,530,457.94</u>	<u>96,907,952.31</u>	<u>1,225,246.15</u>	<u>3,540,197.84</u>	<u>–</u>	<u>865,647,024.18</u>
At beginning of the year	<u>34,217,622.55</u>	<u>736,235,987.44</u>	<u>64,731,694.97</u>	<u>1,614,501.99</u>	<u>2,876,601.52</u>	<u>–</u>	<u>839,676,408.47</u>

As at 31 December 2020, the Group had no fixed assets pending certificates of property ownership (31 December 2019: Nil).

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Fixed assets (Continued)

Fixed assets (Continued)

Fixed assets leased out under an operating lease are as follows:

2020

	Pipelines	Total
Cost		
Opening balance	153,025,579.72	153,025,579.72
Purchase	—	—
Transferred from construction in progress	—	—
Disposal or scrap	—	—
Closing balance	<u>153,025,579.72</u>	<u>153,025,579.72</u>
Accumulated depreciation		
Opening balance	43,915,206.38	43,915,206.38
Provision	4,542,443.52	4,542,443.52
Disposal or scrap	—	—
Closing balance	<u>48,457,649.90</u>	<u>48,457,649.90</u>
Impairment provision		
Opening balance	—	—
Provision	—	—
Disposal or scrap	—	—
Closing balance	<u>—</u>	<u>—</u>
Net carrying amount		
At end of the year	<u>104,567,929.82</u>	<u>104,567,929.82</u>
At beginning of the year	<u>109,110,373.34</u>	<u>109,110,373.34</u>

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Fixed assets (Continued)

Fixed assets (Continued)

Fixed assets leased out under an operating lease are as follows: (Continued)

2019

	Pipelines	Total
Cost		
Opening balance	153,025,579.72	153,025,579.72
Purchase	—	—
Transferred from construction in progress	—	—
Disposal or scrap	—	—
Closing balance	<u>153,025,579.72</u>	<u>153,025,579.72</u>
Accumulated depreciation		
Opening balance	39,372,762.86	39,372,762.86
Provision	4,542,443.52	4,542,443.52
Disposal or scrap	—	—
Closing balance	<u>43,915,206.38</u>	<u>43,915,206.38</u>
Impairment provision		
Opening balance	—	—
Provision	—	—
Disposal or scrap	—	—
Closing balance	<u>—</u>	<u>—</u>
Net carrying amount		
At end of the year	<u>109,110,373.34</u>	<u>109,110,373.34</u>
At beginning of the year	<u>113,652,816.86</u>	<u>113,652,816.86</u>

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Fixed assets (Continued)

Disposal of fixed assets

	2020	2019
Pipelines	<u>1,143,444.76</u>	<u>—</u>
	<u><u>1,143,444.76</u></u>	<u><u>—</u></u>

6. Construction in progress

The Group had no construction materials.

Construction in progress

	2020			2019		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Buildings	2,138,040.00	—	2,138,040.00	2,138,040.00	—	2,138,040.00
Pipeline reconstruction	74,346.67	—	74,346.67	—	—	—
Gas stations and others	1,115,502.20	(1,035,000.00)	80,502.20	1,810,688.81	(1,035,000.00)	775,688.81
Mines	408,920.27	(408,920.27)	—	408,920.27	(408,920.27)	—
	<u>3,736,809.14</u>	<u>(1,443,920.27)</u>	<u>2,292,888.87</u>	<u>4,357,649.08</u>	<u>(1,443,920.27)</u>	<u>2,913,728.81</u>

The movements of construction in progress in 2020 are as follows:

	Opening balance	Addition	Transferred to fixed assets/ intangible assets	Other transfer out	Closing balance
Buildings	2,138,040.00	—	—	—	2,138,040.00
Pipeline reconstruction	—	9,870,646.19	9,796,299.52	—	74,346.67
Gas stations and others	1,810,688.81	441,163.40	1,136,350.01	—	1,115,502.20
Mines	408,920.27	—	—	—	408,920.27
	<u>4,357,649.08</u>	<u>10,311,809.59</u>	<u>10,932,649.53</u>	<u>—</u>	<u>3,736,809.14</u>

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Construction in progress (Continued)

Construction in progress (Continued)

The movements of construction in progress in 2019 are as follows:

	Opening balance	Addition	Transferred to fixed assets/ intangible assets	Other transfer out	Closing balance
Buildings	2,138,040.00	–	–	–	2,138,040.00
Pipeline reconstruction	–	38,947,087.76	34,379,599.06	4,567,488.70	–
Gas stations and others	1,788,025.93	10,236,250.27	10,213,587.39	–	1,810,688.81
Connecting pipe renovation	–	811,548.17	–	811,548.17	–
Mines	408,920.27	–	–	–	408,920.27
	<u>4,334,986.20</u>	<u>49,994,886.20</u>	<u>44,593,186.45</u>	<u>5,379,036.87</u>	<u>4,357,649.08</u>

7. Trade payables

The trade payables are non-interest-bearing and generally have an average payment term of 60 days.

The ageing of trade payables based on the invoice date is analysed below:

	2020	2019
Within 1 year	181,036,283.48	333,394,586.93
1 to 2 years	27,240,977.73	47,576,765.50
Over 2 years	8,942,387.75	14,722,767.90
	<u>217,219,648.96</u>	<u>395,694,120.33</u>

8. Taxes payable

	2020	2019
Value-added tax	48,433,401.26	40,532,792.44
Others	1,213,650.77	1,234,428.16
	<u>49,647,052.03</u>	<u>41,767,220.60</u>

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Revenue and cost of sales

	2020		2019	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal operations	<u>1,344,635,812.33</u>	<u>1,363,634,249.60</u>	<u>1,501,277,165.08</u>	<u>1,517,046,540.18</u>
	<u><u>1,344,635,812.33</u></u>	<u><u>1,363,634,249.60</u></u>	<u><u>1,501,277,165.08</u></u>	<u><u>1,517,046,540.18</u></u>

Revenue is stated as follows:

	2020	2019
Revenue from contracts with customers	<u>1,339,131,225.17</u>	1,495,772,577.92
Rentals	<u>5,504,587.16</u>	<u>5,504,587.16</u>
	<u><u>1,344,635,812.33</u></u>	<u><u>1,501,277,165.08</u></u>

Disaggregation of revenue from contracts with customers is as follows:

	2020	2019
Revenue recognition		
Revenue recognised at a point in time		
Sales of piped gas	1,279,266,996.45	
Sales of gas appliances and others	634,777.17	
Revenue recognised over time		
Gas connection income	57,107,337.54	
Gas transportation	<u>2,122,114.01</u>	
	<u><u>1,339,131,225.17</u></u>	
Revenue recognition		
Revenue recognised at a point in time		
Sales of piped gas	1,430,757,033.36	
Sales of gas appliances and others	7,732,603.10	
Revenue recognised over time		
Gas connection income	54,160,832.71	
Gas transportation	<u>3,122,108.75</u>	
	<u><u>1,495,772,577.92</u></u>	

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Revenue and cost of sales (Continued)

Revenue recognised that was included in contract liabilities at the beginning of the year:

	2020	2019
Sales of piped gas	127,063,955.19	121,019,292.83
Gas connection income	14,800,625.50	21,868,998.58
Sales of gas appliances and others	570,926.55	5,707,195.23
	<u>142,435,507.24</u>	<u>148,595,486.64</u>

Information about the Group's performance obligations is summarised below:

Sales of piped gas

The performance obligation is satisfied upon delivery of the products and payment is generally due within 90 to 180 days from delivery with respect to large scale industrial and commercial customers. For other customers, payment in advance is normally required.

Sales of gas appliances and others

The performance obligation is satisfied upon delivery of the products and short-term advances are normally required before delivering the products.

Gas connection

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services.

Gas transportation

The performance obligation is satisfied over time as services are rendered and the payment is generally due within 90 to 180 days from the date of rendering the services.

As at 31 December 2020, the transaction price allocated to the remaining performance obligation was RMB305,009,696.23 and the Group will recognise this amount as revenue in future upon delivery of the products or based on the progress of completion of gas connection.

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Finance costs

	2020	2019
Interest income	(21,999,557.16)	(21,362,581.89)
Foreign exchange differences	–	(1,590.59)
Others	205,087.47	600,646.71
	<u>(21,794,469.69)</u>	<u>(20,763,525.77)</u>

All the interest income of the Group is generated from current deposits, time deposits and seven-day notice deposits under cash and bank balances.

11. Other income

	2020	2019
Government grants related to daily operation	9,330,887.88	11,609,675.67
	<u>9,330,887.88</u>	<u>11,609,675.67</u>

Government grants related to daily operation are as follows:

	2020	2019	Relevant to asset/income
Tax refund (<i>note 1</i>)	4,203,766.24	1,630,040.62	Income
Deferred income (<i>note 2</i>)	4,709,464.66	7,490,379.05	Asset/income
Others (<i>note 3</i>)	417,656.98	2,489,256.00	Income
	<u>9,330,887.88</u>	<u>11,609,675.67</u>	

Note 1: According to <南政發(1998)54號> issued by the General Office of Changqing Science, Industry & Trade Zone in Jinnan District, Tianjin, the Group is eligible for tax preferential treatment. The Group recognised the refund of CIT, IIT and VAT actually received according to the government preferential policy of RMB4,203,766.24 (2019: RMB1,630,040.62).

Note 2: The deferred income represented government grants related to the Group's daily operation and pipeline reconstruction projects.

Note 3: The Group received a subsidy from Human Resources and Social Security Bureau of Heping District, Tianjin for job stabilization of RMB417,656.98 (2019: the Group received a subsidy from Chadian Street agency of People's Government of Tianjin Binhai New Area for the project of the shift from coal to gas of Tianjin Chadian Street of RMB2,489,256.00).

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Investment income

	2020	2019
Income from long-term equity investments under the equity method	902,962.26	3,915,204.68
Income from held-for-trading financial assets held	<u>4,411,358.45</u>	<u>16,441,974.87</u>
	<u>5,314,320.71</u>	<u>20,357,179.55</u>

13. Non-operating expenses

	2020	2019
Losses on scrap of non-current assets	1,306,425.25	1,272,113.09
Surcharges	–	91,007.09
Penalties and compensations	280,289.14	152,071.55
Others	<u>862,453.84</u>	<u>30,456.34</u>
	<u>2,449,168.23</u>	<u>1,545,648.07</u>

14. Income tax expense

	2020	2019
Current income tax expense	(1,620.53)	2,802,249.99
Deferred tax expense	<u>(4,187,634.86)</u>	<u>(2,603,727.11)</u>
	<u>(4,189,255.39)</u>	<u>198,522.88</u>

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Income tax expense (Continued)

The reconciliation from total profit to income tax expense is as follows:

	2020	2019
Total profit/(loss)	(17,830,613.57)	4,238,482.54
Income tax expense at the statutory or applicable tax rate (<i>note 1</i>)	(4,457,653.39)	1,059,620.63
Income not subject to tax	(225,740.57)	(978,801.17)
Deductible expenses of previous periods	–	(309,522.28)
Expenses not deductible for tax	287,318.00	27,234.42
Adjustments in respect of current tax of previous periods	(1,620.53)	(1,620.53)
Tax losses utilised from previous periods	(38,771.75)	–
Deductible temporary differences and tax losses not recognised	247,212.85	401,611.81
Tax expense at the Group's effective tax rate	<u>(4,189,255.39)</u>	<u>198,522.88</u>

Note 1: The income tax of the Group is calculated based on the estimated taxable income gained in China and the applicable tax rate.

15. Dividend

On 30 March 2021, approved by the twenty-eighth meeting of the sixth board of directors, the Company recommends annual dividend of RMB0.05 per share to shareholders of the Company. This profit distribution plan will be submitted for approval on the annual shareholders' meeting of the Company.

16. Earnings per share

	2020 RMB/Share	2019 RMB/Share
Basic earnings per share		
Continuing operations	<u>(0.007)</u>	<u>0.002</u>
Diluted earnings per share		
Continuing operations	<u>(0.007)</u>	<u>0.002</u>

V. NOTES TO KEY ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Earnings per share (Continued)

The calculation of basic earnings per share is based on the net profit for the period attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

The calculation of basic earnings per share and diluted earnings per share is as follows:

	2020	2019
Earnings		
Net profit/(loss) for the year attributable to ordinary shareholders of the Company	<u>(13,515,344.04)</u>	<u>4,382,854.34</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>1,839,307,800.00</u>	<u>1,839,307,800.00</u>

The Company did not have potentially dilutive ordinary shares as at the date of approval of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the year of 2020, in order to mitigate the impact of COVID-19 on while maintain the sustainable development of the Group during this challenging time, the Board and the management have striven to, on one hand, to develop new markets in light of the decrease in existing customers' consumption of natural gas by looking for new gas users switching from other energy sources, and, on the other hand, to reduce the risk exposure of the Group by reviewing its existing and potential investments, enhancing internal control and cost management, as well as taking the initiative to optimise the Group's business development, daily operations and compliance matters.

FINANCIAL REVIEW

For the year ended 31 December 2020 (the “**Year**”), the Group reported (i) an investment income of approximately RMB5,314,000 for the Year (For the year ended 31 December 2019 (the “**Previous Year**”): approximately RMB20,357,000), representing a decrease of approximately 74% from the Previous Year; and (ii) a revenue of approximately RMB1,344,636,000 (Previous Year: approximately RMB1,501,277,000), representing a decrease of approximately 10% from the Previous Year. In particular, the revenue recognized for the sales of gas appliances and others for the Year is approximately RMB635,000 (Previous Year: approximately RMB7,733,000), representing a decrease of approximately 92% from the Previous Year. The gross profit margin decreased from a loss of approximately 1.24% for the Previous Year to a loss of approximately 1.60% for the Year. The loss before tax from continuing operations for the Year amounted to approximately RMB17,831,000 (Previous Year: the profit before tax from continuing operations amounted to approximately RMB4,238,000), representing a decrease of approximately 521% from the Previous Year.

The decline in financial performance of the Group was mainly attributable to: (i) a significant decrease in investment income for the Year as compared with that for the Previous Year, mainly resulted from, having considered the increasing investment risk, the suspension of subscription of wealth management products in 2020; and (ii) a decrease in the profit from sales of gas appliances and others for the Year as compared with that for the Previous Year, mainly resulted from, being affected by the preventive and control measures of COVID-19 in Tianjin city in 2020, a delay in many gas connection construction projects and the completion of gas-meter installation process involved therein.

Because of the abovementioned delay in completion and an increase in prepayment received by the Group from existing and new customers of piped gas in the Year, the contract liabilities of the Group as at 31 December 2020 increased 57% to approximately RMB305,027,000 from the reported figure as at 31 December 2019 of approximately RMB194,168,000.

SEGMENTAL INFORMATION ANALYSIS

During the Year, the Group has continued to implement its formulated development strategies to sell piped gas and provide piped gas connections to the users in the Group's operational locations in Tianjin and Jining, Inner Mongolia. Sales of piped gas is the major source of income for the Group, which is followed by gas connection, and sales of gas appliances and others.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group is generally funded by equity financing.

As at 31 December 2020, the Group had (i) a balance of cash and cash equivalent of approximately RMB499,386,000 which was principally denominated in RMB (Previous Year: approximately RMB457,658,000), representing an increase of approximately 9% from the Previous Year, and (ii) trade payables of approximately RMB217,220,000 (Previously Year: approximately RMB395,694,000), representing a decrease of approximately 45% from Previous Year. The Group had no bank borrowings.

The Group mostly uses Renminbi in its ordinary business operation and it had not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates is only minimal.

The Group's gearing ratio (total liabilities to total asset ratio) as at 31 December 2020 was approximately 0.29 (as at 31 December 2019: approximately 0.31).

SIGNIFICANT INVESTMENTS

The Board has adopted a policy for investment that on the premises that the Company can carry on its operations normally, for the purpose of increasing the utilisation of capital, the Company intends to purchase principal-guaranteed wealth management products and structured deposit products with its idle funds and the total purchase amount of which shall not exceed RMB1 billion. The general manager of the Company has been authorised by the Board to confirm with the banks/financial institutions the types, amounts, periods and other relevant details of the wealth management products and structured deposit products to be subscribed and to sign on behalf of the Company relevant legal documents with the banks/financial institutions in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the articles of association of the Company and other laws and regulations.

Save as disclosed in this announcement, the Group did not have significant investments for the year ended 31 December 2020. Details of the income derived from wealth management products and structured deposit products, and the wealth management products and structured deposit products subscribed by the Company during the Year are set out in note V.1 and note V.12 to key items of the consolidated financial statements.

MATERIAL ACQUISITION AND DISPOSAL

During the Year, there had been no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

CHARGES ON THE GROUP'S ASSETS

There was no charges on the Group's assets as at 31 December 2020.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group had no material contingent liabilities or guarantees (Previous Year: Nil).

STAFF AND EMOLUMENT POLICY

As at 31 December 2020, the Group had a workforce of 751 full-time employees (Previous Year: 787). The total employee costs were approximately RMB116,780,864 (Previous Year: RMB128,743,133).

Emoluments of employees were determined by the common practice of the industry as well as individual performance of employees. In addition to regular salaries, the Group also paid discretionary bonus to eligible employees subject to the Group's operating results and individual performance of employees. The Group also made contributions to medical welfare and retirement funds as well as provided other benefits to all employees.

PROSPECTS

In 2021, the Company will (i) focus on tackling the issue of single gas source by taking multiple measures to explore new sources; (ii) prioritize market expansion and develop new customers; (iii) further explore potential large users by identifying users' needs in the current market share, thereby defending the established markets; (iv) promote value-added services and strive to create new momentum for corporate growth; and (v) consider the resumption of the purchase of wealth management products or explore new financial products, when appropriate, to enhance its capital yield.

DIVIDENDS

The Board recommends the distribution of a dividend for the year ended 31 December 2020 of RMB0.05 (before considering any tax effect) per share to the Shareholders, amounting to RMB91,965,390 in aggregate.

The proposed dividend will be denominated in Renminbi. Dividend payable to holders of Domestic Shares will be paid in Renminbi, whereas dividend payable to holders of H Shares will be paid in Hong Kong dollars. The exchange rate of Renminbi to Hong Kong dollars to be adopted will be the average middle rate of the five business days preceding the date of declaration of such dividend (exclusive) (being 25 June 2021, the date of the annual general meeting of the Company) as announced by the People's Bank of China.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Administrative Measures of the State Administration of Taxation on Tax Convention Treatment for Non-resident Taxpayers (No. 60 of the Announcement of the State Administration of Taxation for 2016) (《國家稅務總局非居民納稅人享受稅收協定待遇管理辦法》) (國家稅務總局公告2016年第60號), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) (國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H shares in respect of the dividend to be distributed to them. However, the individual holders of H shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled and the tax arrangements between Mainland China, Hong Kong or Macau. For individual holders of H shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H shares in the distribution of the dividend. However, the tax rates applicable to individual holders of H shares overseas may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H shares, i.e., any shareholders who hold the Company's shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H shares registered in the name of other groups and organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897 號)).

Should the holders of H shares of the Company have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in Mainland China, Hong Kong and other countries (regions) on the possession and disposal of the H shares of the Company. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H shares or any disputes over the withholding mechanism or arrangements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2020, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (THE "CODE")

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company's corporate governance practices are based on the code provisions as set out in the Code contained in Appendix 14 to the Listing Rules.

The Company had complied with all the code provisions as set out in the Code contained in Appendix 14 to the Listing Rules during the Year.

SIGNIFICANT EVENTS

Completion of the Internal Reorganisation of the Controlling Shareholder

Reference is made to the announcement of the Company dated 27 December 2019 in relation to the internal reorganisation of a controlling shareholder of the Company. Pursuant to the reorganisation exercise, the equity interest of Tianjin Energy Investment Group Co., Ltd. (天津能源投資集團有限公司) ("**Tianjin Energy**"), the indirect controlling shareholder of the Company, would be transferred to Tianjin State-owned Capital Investment Management Co., Ltd.* (天津國有資本投資運營有限公司) ("**Tianjin Investment Capital**"), a company directly wholly-owned by the State-owned Assets Supervision and Administration Commission of the Tianjin Municipal Government (the "**Internal Transfer**").

The Company has been informed by Tianjin Energy that the registration of the Internal Transfer with the Tianjin Administration for Industry and Commerce (天津市工商行政管理局) has been completed on 31 March 2020. Immediately following the completion of the Internal Transfer, Tianjin Investment Capital has become the intermediary holding company of Tianjin Energy. For details, please refer to the announcements of the Company dated 27 December 2019 and 1 April 2020.

Change of Directors, General Manager and Authorised Representative

On 7 April 2020, Mr. Wang Jing (王勁) has tendered his resignation as a non-executive Director with effect from the conclusion of the 2019 annual general meeting of the Company held on 29 June 2020 (the “**2019 AGM**”), as he will join another company in the PRC as an executive director. At the 2019 AGM, Mr. Zhang Jinlin (張金麟) has been appointed as a non-executive Director in place of Mr. Wang Jing. For details, please refer to the announcements of the Company dated 7 April 2020 and 29 June 2020, and the circular of the Company dated 27 April 2020.

On 22 May 2020, Mr. Wang Quan Hong (王全鴻) (“**Mr. Wang**”) has tendered his resignation as a general manager of the Company with effect from 22 May 2020, and as an executive Director and an authorised representative of the Company under the Listing Rules (the “**Authorised Representative**”) with effect from the conclusion of the 2019 AGM, as he will join another company in the PRC as a general manager. On the same date, Mr. Sun Liangchuan (孫良傳) (“**Mr. Sun**”) has been appointed as the new general manager of the Company in place of Mr. Wang. At the 2019 AGM, Mr. Sun has been appointed as an executive Director of the Company, and as the new Authorised Representative in place of Mr. Wang. For details, please refer to the announcements of the Company dated 22 May 2020 and 29 June 2020, and the supplemental circular of the Company dated 10 June 2020.

Connected transaction in relation to purchase of gas meters

On 22 December 2020, the Company entered into a purchase agreement with 天津市裕民燃氣表具有限公司 (Tianjin Yumin Gas Meter Co., Ltd*) (“**Tianjin Yumin**”), pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase gas meters at an aggregate maximum purchase price of RMB5,550,000.

天津市燃氣集團有限公司 (Tianjin Gas Group Company Limited*) (“**Tianjin Gas**”) is a controlling shareholder of the Company, which, as at the date of this announcement, held approximately 70.54% of the registered capital of the Company and is hence a connected person of the Company. Tianjin Yumin is a wholly-owned subsidiary of Tianjin Gas and thus also a connected person of the Company. Pursuant to the Listing Rules, the entering into of the purchase agreement for the gas meters constitutes a connected transaction of the Company.

For further details, please refer to the announcement of the Company dated 22 December 2020.

IMPORTANT EVENTS AFTER THE YEAR

As the 2020 Gas Supply Contract expired on 31 December 2020, on 9 February 2021, the Company and 津燃華潤燃氣有限公司 (Jinran China Resources Gas Co., Ltd*) (“**Jinran China Resources**”) entered into a conditional gas supply contract dated 9 February 2021 in respect of the supply of natural gas by Jinran China Resources to the Company (the “**2021 Gas Supply Contract**”) for the period from 1 January 2021 to 31 December 2021. As Jinran China Resources is a connected person of the Company and the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) for the annual cap under the 2021 Gas Supply Contract exceeds 5%, and the 2021 Gas Supply Contract is subject to, inter alia, the independent shareholders’ approval, reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

Also, on 9 February 2021, the Company and Jinran China Resources entered into the supplemental agreements, pursuant to which the 2020 Gas Sourcing Price (as defined under the gas supply contract dated 11 November 2019 between the Company and Jinran China Resources in respect of the supply of natural gas by Jinran China Resources to the Company (the “**2020 Gas Supply Contract**”) for the year ended 31 December 2020) applicable to the natural gas supplied to 天津鋼管製造有限公司 (Tianjin Gangguan Zhizao Limited*) and 天津太鋼天管不銹鋼有限公司 (Tianjin Taigang Tianguan Buxiugang Limited*) from 1 August 2020 to 31 December 2020 will be decreased. To effect a material change to the terms of the 2020 Gas Supply Contract, which was approved by the independent shareholders under Chapter 14A of the Listing Rules, the Company must re-comply with the independent shareholders’ approval and announcement requirements under Chapter 14A of the Listing Rules.

For details, please refer to the announcements of the Company dated 9 February 2021 and 4 March 2021, and the circular of the Company dated 15 March 2021.

Save as disclosed in this announcement, there is no important event affecting the Group which has occurred after the end of the Year and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are to review and to provide supervision over the financial reporting process and risk management and internal control system of the Group. The Audit Committee comprises the three independent non-executive Directors, Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun. The Audit Committee has reviewed and confirmed this results announcement and the consolidated results of the Company for the Year.

SCOPE OF WORK OF ERNST & YOUNG HUA MING LLP

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group’s auditor, Ernst & Young Hua Ming LLP, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Ernst & Young Hua Ming LLP in this respect did not constitute an assurance engagement in accordance with China Standards on Auditing issued by the Chinese Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young Hua Ming LLP on the preliminary announcement.

FORTHCOMING ANNUAL GENERAL MEETING OF THE COMPANY (THE “AGM”) AND BOOK CLOSURE PERIOD

The AGM is expected to be held on 25 June 2021 (Friday) at 3:00 p.m. at Floor 9, Gangao Tower, No. 18 Zhengzhou Road, Heping District, Tianjin, PRC and notice of the AGM will be published and despatched in the manner as required by the Listing Rules. To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 26 May 2021 to 25 June 2021 (both days inclusive) during which no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 25 May 2021.

In order to determine the Shareholders entitled to the dividend for the year ended 31 December 2020, the register of members of the Company will be closed from 3 July 2021 to 7 July 2021 (both days inclusive) during which no transfer of shares will be registered. In order to be entitled to the dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 2 July 2021.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.jinrangongyong.com). The annual report of the Company for the year ended 31 December 2020 will be despatched to the shareholders of the Company and available on the same websites in due course.

By Order of the Board
Tianjin Jinran Public Utilities Company Limited
Zhao Wei
Chairman

Tianjin, People’s Republic of China, 30 March 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhao Wei (Chairman), Ms. Tang Jie and Mr. Sun Liangchuan, three non-executive Directors, namely Mr. Hou Shuang Jiang, Mr. Zhao Heng Hai and Mr. Zhang Jinlin, and three independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.